

365.831 Termination or change of contract by supplier -- Good cause requirement -- When not permitted -- Notice.

- (1) No supplier, directly or through an officer, agent, or employee, shall terminate or substantially change the competitive circumstances of a retail agreement contract without good cause. As used in this subsection, "good cause" means the failure by a retailer to comply with requirements imposed upon the retailer by the retail agreement contract if the requirements are not different from those imposed on other retailers similarly situated in this state. In addition, good cause exists if:
 - (a) There has been a closeout or sale of a substantial part of the retailer's assets related to the equipment business, or there has been a commencement of a dissolution or liquidation of the retailer;
 - (b) The retailer has changed its principal place of business or added additional locations without prior approval of the supplier, which shall not be unreasonably withheld;
 - (c) The retailer has substantially defaulted under a chattel mortgage or other security agreement between the retailer and the supplier, or there has been a revocation or discontinuance of a guarantee of a present or future obligation of the retailer to the supplier;
 - (d) The retailer has failed to operate in the normal course of business for seven (7) consecutive days or has otherwise abandoned the business;
 - (e) The retailer has pleaded guilty to or has been convicted of a felony affecting the relationship between the retailer and supplier; or
 - (f) The retailer transfers an interest in the dealership; or a person with a substantial interest in the ownership or control of the dealership, including an individual proprietor, partner, or major shareholder, withdraws from the dealership or dies; or a substantial reduction occurs in the interest of an individual proprietor, partner, or major shareholder in the dealership.
- (2) Good cause does not exist if the supplier consents to an action described in subsection (1) of this section. Such consent exists if the retail agreement contract does not provide the supplier with a right to terminate or substantially change the competitive circumstances of the contract as a result of such action, or the supplier otherwise consents to such action.
- (3) No supplier, directly or through an officer, agent, or employee, shall terminate or substantially change the competitive circumstances of a retail agreement contract based on high unemployment in the dealership market area, a labor dispute, the results of a natural disaster, including a sustained drought, or other circumstances beyond the retailer's control.
- (4) Except as provided in paragraphs (a) to (f) of subsection (1) of this section, a supplier shall provide a retailer with at least ninety (90) days written notice of termination of a retail agreement contract. The notice shall also contain a sixty (60) day written notice to cure the deficiency. The notice shall not be required if the termination is enacted for reasons included in paragraphs (a) to (f) of subsection (1) of this section. The notice shall state all reasons constituting good cause for action. In the case where termination is enacted due to market penetration, a reasonable period of time, not less than one (1) year, shall have

existed where the supplier has worked with the retailer to gain the desired market share.

Effective: June 25, 2013

History: Amended 2013 Ky. Acts ch. 125, sec. 2, effective June 25, 2013. --
Created 2004 Ky. Acts ch. 144, sec. 10, effective April 21, 2004.